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PUBLIC EMPLOYEES'
RETIREMENT SYSTEM
of the
STATE OF MONTANA

1960-1961
PLEASE RETURN
SIXTEENTH ANNUAL REPORT



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August 15, 1961

Honorable Donald G. Nutter
Governor of Montana
State Capitol
Helena, Montana

Dear Governor Nutter:

The Board of Administration of the Public Employees' Retirement System of Montana herewith respectfully presents the Sixteenth Annual Report of its operations and progress for the fiscal year of 1960-61 in accordance with the provisions of Section 68-501 (c), Revised Codes of Montana, 1947.

We have continued in the growth of our assets during the past fiscal year and find that the benefits derived from their investment, in conjunction with the supplementary coverage provided through contributions to the Social Security System, has contributed appreciably in achieving the objectives of the Public Employees' Retirement System which is to provide a retirement program which will more adequately serve the needs of the public employees and improve the personnel standards of the departments of the State of Montana and the member political subdivisions.

We appreciate the opportunity of being able to serve in providing improved and more complete benefits to the faithful and deserving public employees and their beneficiaries, and trust that we will always be able to reward their devoted service to the State of Montana and its political subdivisions with the full measure of security that it merits.

Respectfully submitted,

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

John F. Sasek, Secretary

REPORT AS OF JUNE 30, 1961

For the Period Beginning July 1, 1960 and Ending June 30, 1961

BOARD OF ADMINISTRATION

	Term Expires	
FRED L. HILL, Great Falls.....	April 1, 1962.....	President
MRS. ELMER SCHYE, White Sulphur Springs.....	April 1, 1965.....	Vice President
MALCOLM BOWDEN, Helena.....	April 1, 1964.....	Member
HUBERT G. WHITE, Townsend.....	April 1, 1963.....	Member
*IRVIN E. SNYDER, Helena.....	April 1, 1961.....	Member
**DONALD J. SKERRITT, Bozeman.....	April 1, 1966.....	Member

ADMINISTRATIVE STAFF

JOHN F. SASEK.....	Secretary
EDWARD D. LITTLE.....	Chief Accountant
MICHAEL J. HUGHES.....	Attorney
FLOYD E. YOUNG.....	Consulting Actuary

*Term expired April 1, 1961.

**Appointed April 1, 1961.

SUMMARY OF OPERATIONS

(July 1, 1960 to June 30, 1961)

During Fiscal 1960-61 contributions from employees were \$3,052,630.23 compared with \$3,027,447.45 for Fiscal 1959-60 or an increase of .82%. Employer's contributions for the same periods were \$1,537,-895.40 and \$1,489,477.22, respectively, or an increase of 3.15%. Employer contributions for administrative expense were \$147,910.93 as compared with \$147,346.30 for the preceding year or an increase of .38%. Employee membership fees for 1960-61 were \$15,776.00 as compared with \$15,998.00 for the preceding year or a decrease of 1.39%.

Interest earned and received totalled \$1,028,799.86 as compared with \$862,748.12 for Fiscal 1959-60 or an increase of 16.14%. A large portion of this increase was the result of considerable discounts received during the past year on the purchase of guaranteed real estate mortgages.

Disbursements for benefits during the past fiscal year totalled \$1,797,880.80 compared with \$1,662,-698.06 or an increase of 7.52%. During fiscal 1960-61 refunds totalled \$1,039,051.87 as compared with \$1,008,515.54 for the preceding year or an increase of 2.94%. This is interesting to note since the actual number of refunds made decreased from 5,002 the preceding year to 3,975 this past year or a decrease of 20.53%.

Administrative expenditures during the past year totalled \$87,835.60 as compared with \$81,488.61 or an increase of 7.23%. The ratio of administrative expense to assets however, shows a decrease of .000159 and the ratio of administrative expense to total expense shows a small increase of .0004, indicating that an increased work load is being handled by the retirement system office with only a minor increase in administrative expense.

The financial condition of the retirement system remained strong even though refunds and benefits increased and net membership decreased. Assets as of June 30, 1961 were \$25,288,785.56 as compared with assets of \$22,436,027.48 one year ago or an increase of 11.28%. It must be remembered however, that the Public Employees' Retirement System is not on an Actuarial Reserve Basis. Every two years the Consulting Actuary determines the Reserve requirements on an Actuarial Basis. Under the Act establishing the System, the employers are obligated to contribute the amounts currently needed for the payment of benefits without regard for reserve requirements accruing or having accrued on an actuarial basis. This method of financing has resulted in a substantial deficiency in accumulation of reserves on an actuarial basis. The difference between reserve requirements on an actuarial basis and the reserves shown in the balance sheet of this report constitutes a deferred obligation of employers. The System's unfunded accrued liability is estimated to be approximately \$14,800,000.00 as of the end of the fiscal year.

Membership in the Retirement System showed a decrease for the second year in a row. At June 30, 1961 the net membership, including members and retirants, was 16,930 as compared with 17,148 one year ago or a decrease of 1.27%. This can be accounted for in part by the 1959 Amendment to the Retirement Law which excludes from coverage all part-time or temporary help which does not exceed 60 working days or the equivalent in hours in any one fiscal year. The Retirement System office also made a special effort to contact all inactive accounts and refund their money. The most noticeable decrease was in the State Departments with 332 and the Counties with 60.

No major changes were made in the retirement program by the Thirty-Seventh Legislature which convened in January, 1961. The Legislature did pass legislation permitting the National Guard to enter into a contract with the Public Employees' Retirement System providing for coverage of National Guard employees, however the National Guard Bureau has not yet signed the contracts to validate the coverage.

INCOME AND DISBURSEMENTS 1960-61

Assets as of June 30, 1960		\$22,436,027.48
INCOME FOR YEAR ENDING JUNE 30, 1961		
Interest on Investments	\$1,023,799.86	
Employees' Contributions	3,052,630.23	
Employers' Contributions	1,537,895.40	
Contributions to Expense	163,686.93	
Appreciation Bond Write-up	5,000.00	
TOTAL INCOME		\$ 5,783,012.42
BALANCE CARRIED FORWARD		\$28,219,039.90

DISBURSEMENTS FOR YEAR ENDING JUNE 30, 1961:

Capital Disbursements:

Retirement Payments—A.R.F.	\$ 270,327.08
Retirement Payments—P.A.F.	967,126.47
Ordinary Disability Payments—A.R.F.	19,523.62
Ordinary Disability Payments—P.A.F.	90,226.27
Industrial Disability Payments—A.R.F.	13,296.22
Industrial Disability Payments—P.A.F.	195,520.33
Survivorship Payments—A.R.F.	13,652.61
Survivorship Payments—P.A.F.	54,619.69
Death Payments—A.S.F. Refunds	91,909.14
Death Payments—P.A.F.	81,687.37
Employees' Savings Refunds	1,039,051.87
TOTAL CAPITAL DISBURSEMENTS	\$ 2,836,940.67

Investment Disbursements:

*Bank Service Charge	\$ 54,466.21
Premium Charge Off—Bonds and Mortgages	2,450.00
Interest Purchased on Investments	2,918.07
Bond Adjustment	110.00
TOTAL INVESTMENT DISBURSEMENTS	\$ 5,478.07

*Bank Service Charge is not included in the total as this charge is withheld by the servicing agency before making remittance to the Retirement System.

Disbursements for Administrative Expense:

Salaries	\$ 60,239.85
Legal and Actuarial Fees	8,147.47
Travel Expense, Employees	3,543.87
Travel Expense, Board Members	1,685.55
Per Diem, Board Members	490.00
Telephone & Telegraph	671.80
Printing	1,764.48
Postage	1,419.62
Supplies	2,035.59
Service Contracts	1,906.72
Insurance and Bonds	131.27
Dues	90.00
Medical and Investigation Expense	757.42
Departmental Contribution to PERS & Social Security	3,572.61
Depreciation, Furniture & Fixtures	546.00
Miscellaneous	833.35
TOTAL ADMINISTRATIVE EXPENSE	\$ 87,835.60
TOTAL DISBURSEMENTS	\$ 2,930,254.34
BALANCE—June 30, 1961	\$25,288,785.56

ASSETS AND LIABILITIES STATEMENT

LEDGER ASSETS:

*Cash	\$ 303,056.22
*Bonds, U S. Government	7,132,948.46
*Bonds, Montana Municipal	5,426,364.51
**Mortgage Loans (V.A. and F.H.A.)	12,418,606.54
Furniture & Fixtures	7,592.70
Registered Warrants	217.13
TOTAL LEDGER ASSETS	\$25,288,785.56

LEDGER LIABILITIES:

†Interest Account	\$
Employees' Savings Account	14,691,198.54
Employees' Annuity Reserve Fund	2,892,967.07
Pension Accumulation Fund	5,210,610.35
Expense Fund	3,550.20
Annuity Savings Interest Reserve	2,490,459.40
TOTAL LEDGER LIABILITIES	\$25,288,785.56

*On Deposit with State Treasurer

**Held in Retirement System Office

†The interest account has been distributed as follows:

Transferred to the Reserve for interest required on Annuity Savings Fund	\$ 559,349.04
Transferred to A.R.F.	88,225.38
Transferred to P.A.F.	375,747.37
TOTAL TRANSFERRED	\$ 1,023,321.79

This transfer was effected in accordance with the computations of the Actuary.

The ledger assets and ledger liabilities, in detail, were examined and verified by the office of the State Examiner and a copy of the report of that examination is on file in the Retirement Office available for inspection.

COMPARISON CHART OF ASSETS AND DISBURSEMENTS

	1959-60	1960-61	Percentage of Change
Capital Disbursements	\$ 2,671,213.60	\$ 2,836,940.67	Up 5.84%
Administrative Expense	81,488.61	87,835.60	Up 7.23%
Assets at end of Year	22,436,027.48	25,288,785.56	Up 11.28%
Investments at end of Year	22,022,757.99	24,978,136.64	Up 11.91%
Ratio of Administrative Expense to Assets	.003632	.003473	Down .000159%
*Ratio of Administrative Expense to Total Exp.	.0296	.0300	Up .0004%

*The total expense figure does not include disbursements on investments as these disbursements are in part recoverable as accrued interest and the remainder are costs to earned interest income and are reflected in total yield from investments.

RECAPITULATION OF INVESTMENTS: (Book Value)

MONTANA MUNICIPAL BONDS \$ 5,426,364.51

UNITED STATES GOVERNMENT BONDS:

Series "A"	\$ 600,000.00
Series "G"	900,000.00
Series "J"	167,400.00
Series "K"	885,000.00
Series "75-85"	50,000.00
Series "78-83"	2,485,160.96
Series "1980"	415,800.00
Series "1990"	669,000.00
Series "1995," 3%	960,587.50

TOTAL UNITED STATES
GOVERNMENT BONDS \$ 7,132,948.46

REGISTERED WARRANTS \$ 217.13

MORTGAGES:

F.H.A. Mortgages \$ 9,428,576.93

Veterans Administration
(G.I. Insured Mortgages) 2,990,029.61

TOTAL INSURED MORTGAGES \$12,418,606.54

TOTAL INVESTMENTS \$24,978,136.64

As of June 30, 1961, the amount of funds available for investment was \$303,056.22. A percentage accounting of investments is as follows:

REGISTERED WARRANTS0009%
MONTANA MUNICIPAL BONDS	21.4640%
UNITED STATES GOVERNMENT BONDS	28.2145%
F.H.A. & V.A. INSURED MORTGAGES	49.1219%
AVAILABLE BUT NOT INVESTED	1.1987%
<hr/>	
	100.0000%

The investments recapitulated above have been examined by the State Examiner's Department of the State of Montana and have been declared in balance. The United States Government Bonds and Montana Municipal Bonds are held in the custody of the Montana State Treasurer. The records on mortgages are held in the Retirement System office.

Detail as to numbers, maturity dates, investment yield, and other data is a matter of record in the Retirement System office and may be inspected upon request.

ANALYSIS OF CHANGES IN RESERVES, PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Year Ended June 30, 1961

<u>NAME OF FUND</u>	<u>Balance at Beginning of Year</u>	<u>Income in Excess of Expenditures</u>	<u>Net Interest Distribution</u>	<u>*Net Transfers</u>	<u>Ending Balance</u>
Annuity Savings Fund	\$13,303,884.76	\$1,916,559.08	\$ -	(\$529,245.30)	\$14,691,198.54
Annuity Reserve Fund	2,236,707.62	(318,521.77)	88,225.38	886,555.84	2,892,967.07
Pension Accumulation Fund	4,856,078.80	140,377.80	375,747.37	(161,593.62)	5,210,610.35
Expense Fund	2,747.87	75,851.33	(75,049.00)	3,550.20	
Annuity Savings Interest Reserve Fund	2,036,608.43	--	559,349.04	(105,498.07)	2,490,459.40
	<u>\$22,436,027.48</u>	<u>\$1,814,266.44</u>	<u>\$1,023,321.79**</u>	<u>\$ 15,169.85</u>	<u>\$25,288,785.56</u>

*Includes warrants cancelled and redeposited.

() indicates a subtraction.

**Interest transferred in accordance with the computations of the Consulting Actuary.

**INVESTMENTS AND RECAPITULATION OF MORTGAGES
AND MONTANA MUNICIPAL BONDS BY COUNTY**

COUNTIES:	MORTGAGES		MUNICIPAL		TOTAL
	FHA	VA	BONDS		
Beaverhead	\$ 51,283.20	\$ 9,314.07	\$ 75,000.00		\$ 135,597.27
Big Horn	17,054.76	10,378.69	50,000.00		77,433.45
Blaine		8,060.10	71,000.00		79,060.10
Broadwater	97,665.35	8,763.88	82,200.00		188,629.23
Cascade	1,693,952.60	124,495.85	40,885.31		1,859,333.76
Chouteau	5,107.53		37,500.00		42,607.53
Custer	128,615.98	7,541.84	10,000.00		146,157.82
Daniels	38,775.00		50,000.00		88,775.00
Dawson	611,844.40	242,921.87	68,000.00		922,766.27
Deer Lodge	823,049.75	48,597.52	274,623.87		1,146,271.14
Fallon	22,932.29	103,323.91	324,400.00		450,656.20
Fergus	142,097.73	19,401.86	92,000.00		253,499.59
Flathead	197,569.00	91,548.33	378,082.49		667,199.82
Gallatin	886,756.12	94,268.22	22,767.93		1,003,792.27
Glacier	61,081.35	12,509.50	127,314.49		200,905.34
Golden Valley			38,500.00		38,500.00
Granite			10,000.00		10,000.00
Hill	267,561.54	14,017.06	375,100.00		656,678.60
Jefferson*	10,660.02		48,000.00		58,660.02
Judith Basin			115,500.00		115,500.00
Lake	17,408.32	1,493.77	33,200.00		52,102.09
Lewis and Clark	1,179,957.33	199,889.67	121,000.00		1,500,847.00
Liberty	15,359.57				15,359.57
Lincoln	38,916.51		172,875.00		211,791.51
Madison*		4,487.07	31,000.00		35,487.07
McCone	76,394.95				76,394.95
Meagher	23,393.68		87,250.00		110,643.68
Mineral	35,229.05		54,000.00		89,229.05
Missoula	140,471.43	40,158.90	109,000.00		289,630.33
Musselshell	19,050.93				19,050.93
Park	146,290.47				146,290.47
Phillips	18,404.21		61,824.47		80,228.68
Pondera		13,311.70	233,452.71		246,764.41
Powder River	18,832.29		120,000.00		138,832.29
Powell		12,217.58	265,000.00		277,217.58
Ravalli	22,285.67		36,000.00		58,285.67
Richland	9,480.29	12,269.95	76,000.00		97,750.24
Roosevelt	74,091.64	2,163.38	144,000.00		220,255.02
Rosebud	69,495.52	27,789.07	95,000.00		192,284.59
Sanders	52,437.14		34,721.67		87,158.81
Sheridan	28,836.28	4,476.00	87,750.00		121,062.28
Silver Bow	265,945.42		649,143.39		915,088.81
Stillwater	15,130.17				15,130.17
Sweet Grass	10,800.11				10,800.11
Teton			219,000.00		219,000.00
Toole	76,622.66		283,400.00		360,022.66
Treasure			25,000.00		25,000.00
Valley	863,966.49	69,901.86	99,000.00		1,032,868.35
Wheatland	36,701.25				36,701.25
Wibaux	7,148.43				7,148.43
Yellowstone	1,109,920.50	1,806,727.96	97,873.18		3,014,521.64
TOTALS	\$9,428,576.93	\$2,990,029.61	\$5,426,364.51		\$17,844,971.05

*Joint School Districts 4 and 47 of Jefferson and Madison Counties are represented by \$31,000.00 of bonds listed under Madison County.

COMPARISON, AT END OF FISCAL YEAR, OF RETIREMENT FUND

Assets as of 6-30-46	\$ 174,466.21
6-30-47	641,449.61
6-30-48	1,494,763.04
6-30-49	2,575,950.55
6-30-50	3,703,567.43
6-30-51	4,852,885.50
6-30-52	6,118,248.38
6-30-53	7,732,151.25
6-30-54	9,188,971.92
6-30-55	10,843,433.14
6-30-56	12,648,467.38
6-30-57	14,733,266.40
6-30-58	17,284,870.97
6-30-59	19,479,333.84
6-30-60	22,436,027.48
6-30-61	25,288,785.56

COMPARISON, BY FISCAL YEAR, OF BENEFITS PAID

7-1-45 to 6-30-46	\$ 0
7-1-46 to 6-30-47	42,455.27
7-1-47 to 6-30-48	108,176.20
7-1-48 to 6-30-49	210,881.29
7-1-49 to 6-30-50	284,350.55
7-1-50 to 6-30-51	408,325.40
7-1-51 to 6-30-52	480,431.07
7-1-52 to 6-30-53	557,814.34
7-1-53 to 6-30-54	638,258.15
7-1-54 to 6-30-55	745,992.75
7-1-55 to 6-30-56	828,454.85
7-1-56 to 6-30-57	997,160.76
7-1-57 to 6-30-58	1,227,099.29
7-1-58 to 6-30-59	1,352,383.16
7-1-59 to 6-30-60	1,662,698.06
7-1-60 to 6-30-61	1,797,888.80

BENEFIT INFORMATION

DEATH BENEFITS

Since the effective date of the Public Employees' Retirement System on July 1, 1945, death benefits have been paid to the beneficiaries of 858 members. Of this number 778 claims were paid as lump sum payments and the remaining 80 were elected as monthly survivorship annuities by the beneficiaries. Two (2) beneficiaries who were receiving a monthly survivorship annuity were removed from the payment roll because of death. During the fiscal year of 1960-61, sixty-one (61) members were deceased with 54 beneficiaries electing the lump sum payment and 7 beneficiaries electing the monthly survivor annuities.

SERVICE RETIREMENTS

Since the effective date of July 1, 1945, 1,815 members have been retired under service retirements. One hundred forty-six (146) of these service retirements were approved by the Board of Administration during the fiscal year 1960-61. A total of 1,265 were still on service retirement at June 30, 1961, with 550 having been removed from the retirement roll by death or reinstatement.

DISABILITY RETIREMENTS

Since the effective date, July 1, 1945, 503 disability claims have been paid with 355 being the ordinary type disability and 148 the industrial type disability. During the fiscal year 1960-61 the Board of Administration approved 17 ordinary disability allowances and 18 industrial disability allowances. A total of 129 were still receiving ordinary disability allowances and 109 industrial disability allowances at June 30, 1961, with 265 having been removed from the disability roll by death or reinstatement.

REFUNDS

During fiscal 1960-61, 3,975 refund applications were processed for terminating public employees compared with 5,002 for fiscal 1959-60, or a decrease of 20.53%. Total refunds for 1960-61 were \$1,039,-051.87 compared with \$1,008,515.54 for fiscal 1959-60 or an increase of 3.03%.

MEMBERSHIP

The net membership at June 30, 1961, including members and retirants, was 16,930 as compared with a net membership of 17,148 at the end of the previous fiscal year. This represents a net membership decrease of 1.27%. The net membership figure decreased, in part, as a result of an amendment to the Retirement System Act by the 1959 Legislature which excludes from coverage all part-time or temporary help which does not exceed 60 working days in any one fiscal year. The retirement system during fiscal 1960-61 also made a special effort to contact all terminated public employees who had not withdrawn their contributions and removed many inactive accounts from the membership roll.

BENEFIT PAYMENTS

(at 6-30-61)

1. Age of Recipients at June 30, 1961

2. Age of Recipients at Effective Date of Benefit

The above figures are for the current tenants, still living, as well as beneficiaries who are being paid on all accounts, by option, upon the death of the original tenant. No figures are included for any tenants who died prior to June 30, 1961 and who made no provision for any monthly payment to a beneficiary by will.

BENEFIT PAYMENTS

(at 6-30-61)

3. By Year Benefit Payment Started

Year Benefit Payment Started	Retirements	Death Benefit Survivorships	Ordinary Disabilities	Industrial Disabilities
From 7-1-1945	---	---	---	1
1946	---	---	3	1
1947	20	---	4	---
1948	36	---	4	1
1949	53	---	11	4
1950	44	---	5	5
1951	88	---	17	1
1952	56	---	7	7
1953	77	10	10	8
1954	59	11	7	8
1955	64	8	5	12
1956	112	13	10	6
1957	169	17	13	18
1958	125	4	5	7
1959	129	7	7	8
1960	155	7	15	14
to 6-30-1961	78	1	6	8
	1,265	78	129	109

The above chart shows the year various type benefit payments started and were still being paid at June 30, 1961. Sixty-two (62) retirement allowances, thirteen (13) ordinary disability allowances and six (6) industrial disability allowances are being paid to beneficiaries, by option, since the death of the original retiree.

LUMP SUM DEATH BENEFIT PAYMENTS

7-1-45 to 6-30-61

<u>AGE AT DEATH</u>	<u>Male</u>	<u>Female</u>	<u>AGE AT DEATH</u>	<u>Male</u>	<u>Female</u>
18	-	1	55	17	1
19	1	-	56	23	1
22	2	-	57	17	2
23	3	1	58	20	6
25	-	2	59	26	1
26	-	1	60	22	2
27	2	-	61	24	2
28	2	-	62	28	3
29	5	-	63	32	3
30	5	-	64	26	3
31	2	1	65	21	4
32	3	1	66	27	6
33	2	-	67	33	2
34	1	1	68	16	-
35	3	1	69	23	3
36	3	1	70	18	1
37	3	1	71	14	1
38	6	3	72	16	1
39	3	2	73	9	1
40	10	1	74	14	-
41	7	1	75	10	-
42	9	1	76	3	1
43	9	1	77	5	-
44	15	4	78	3	1
45	17	1	79	2	-
46	6	-	80	2	-
47	7	2	81	1	-
48	11	2	83	1	-
49	17	6	84	2	-
50	15	1	86	2	-
51	8	5	87	1	-
52	18	2			
53	17	3		687	91
54	17	-			

WHERE BENEFIT RECIPIENTS CAME FROM
 (at 6-30-61)

	<u>State Departments</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>County High Schools</u>	<u>Other Agencies</u>	<u>Total</u>
Retirements	537	371	186	138	13	20	1,265
Death Benefit Survivorships	37	26	12	1	1	1	78
Ordinary Disabilities.....	63	36	20	8	1	1	129
Industrial Disabilities.....	52	25	20	7	1	4	109
	689	458	238	154	16	26	1,581

LOCATION OF BENEFIT RECIPIENTS
 (at 6-30-61)

Alaska	2
Arizona	8
Arkansas	1
California	54
Colorado	2
Florida	4
Georgia	1
Idaho	5
Illinois	2
Iowa	1
Kansas	1
Maryland	1
Michigan	1
Minnesota	8
Missouri	4
Montana	1,408
Nebraska	1
Nevada	3
New Mexico	1
New York	1
North Carolina	1
North Dakota	1
Oklahoma	1
Oregon	16
South Carolina	1
South Dakota	2
Texas	3
Utah	4
Virginia	1
Washington	35
Wisconsin	2
Wyoming	3
Washington, D. C.	1
Sweden	1
	1,581

MEMBERSHIP

The System had a net decrease in membership of 326 as of June 30, 1961. The net membership decrease was in part a result of the 1959 amendment to the Retirement Act that excludes from coverage all part-time or temporary help which does not exceed 60 working days in any one fiscal year. The retirement system during fiscal 1960-61 also made a special effort to contact all terminated public employees who had not withdrawn their contributions and removed many inactive accounts from the membership roll.

MEMBERSHIP

Fiscal Year	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
State Departments	1,677	2,864	3,242	3,285	3,731	4,312	4,763	5,088
Counties		67	1,129	1,348	1,460	1,748	1,980	2,264
Cities		203	488	610	712	762	822	1,005
School Districts		46	192	294	328	434	566	628
County High Schools			15	22	28	45	60	62
Other Agencies		50	64	84	99	98	103	111
Inactive Accounts				419	536	725	628	560
TOTAL	1,677	3,230	5,130	6,062	6,894	8,124	8,922	9,718
Fiscal Year	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
State Departments	5,211	5,654	6,774	8,002	8,329	9,030	8,332	8,000
Counties	2,487	2,625	3,987	3,816	4,614	4,184	3,915	3,855
Cities	1,146	1,206	1,322	1,546	1,847	1,904	1,794	1,808
School Districts	728	775	957	1,080	1,244	1,271	1,320	1,381
County High Schools	72	82	90	135	124	115	112	110
Other Agencies	164	160	163	186	213	204	202	195
Inactive Accounts	380	314	333	312				
TOTAL	10,188	10,816	13,626	15,077	16,371	16,708	15,675	15,349

MEMBERSHIP STATUS

STATE DEPARTMENTS:

Adjusted Compensation Division	4	Legislative Council	4
Adjutant General	30	Library Extension Commission	13
Aeronautics Commission	8	Liquor Control Board	274
Agriculture Department	139	Livestock Commission	68
Apprenticeship Council	6	Livestock Sanitary Board	43
Attorney General	13	Merit System	4
State Auditor	24	Milk Control Board	8
Bank Examiners	22	School of Mines	72
Chancellor's Office	6	Northern Montana College of Education	44
Children's Center	88	Nurses Examining Board	2
Civil Defense	5	Oil and Gas Board	16
College, Montana State	823	Board of Pardons	11
Controller's Office	27	Personnel Director	1
Custodian, Capitol	83	Plumbing Examiners	1
Deaf and Blind School	20	Poultry Improvement Board	1
Director of the Budget	4	Prison	219
District Judges	21	P. E. R. S.	17
Eastern Montana College of Education	73	Public Instruction	68
Entomologist	3	Public Welfare	284
Equalization, Board of	105	Railroad & Oil Conservation	26
Examiners, State Board of	18	Registrar of Motor Vehicles	60
Fish and Game Department	234	Secretary of State	14
Forestry Department	169	Soil Conservation	1
Governor's Office	3	Soldiers' Home	23
Grass Conservation Board	1	Supreme Court	13
Hail Insurance	7	Taxation and Education Commission	1
Board of Health	113	Teachers' Retirement System	7
Highway	2,225	Trade Commission	2
Highway Patrol	49	Training School	166
Historical Library	25	Treasurer's Office	6
Home for the Aged	23	Tuberculosis Sanitarium	276
State Hospital	651	U. C. C.	288
Indian Affairs	1	University	558
Industrial Accident Board	61	Veterans' Welfare Commission	24
Industrial School	92	Vocational Rehabilitation	27
Labor and Industry	4	Vocational School for Girls	36
Land and Investments	20	Water Conservation Board	93
Law Library	4	Western Montana College of Education	20
Legislature	5	STATE DEPARTMENT TOTAL	8,000

MEMBERSHIP STATUS

COUNTIES:

County Attorneys	30	Madison County	36
Beaverhead County	48	McCone County	38
Big Horn County	50	Meagher County	20
Blaine County	58	Missoula County	170
Broadwater County	27	Musselshell County	28
Carbon County	59	Park County	54
Carter County	22	Petroleum County	11
Cascade County	366	Phillips County	43
Chouteau County	73	Pondera County	52
Custer County	58	Powell County	20
Daniels County	34	Powder River County	44
Dawson County	54	Prairie County	20
Deer Lodge County	42	Ravalli County	48
Fallon County	21	Richland County	50
Fergus County	86	Roosevelt County	52
Flathead County	235	Rosebud County	45
Gallatin County	96	Sanders County	116
Garfield County	22	Sheridan County	53
Glacier County	54	Silver Bow County	257
Golden Valley County	18	Stillwater County	42
Granite County	72	Sweet Grass County	22
Hill County	77	Teton County	62
Jefferson County	37	Toole County	114
Judith Basin County	64	Treasure County	14
Lake County	112	Valley County	58
Lewis & Clark County	189	Wheatland County	20
Liberty County	56	Wibaux County	26
Lincoln County	54	Yellowstone County	226
COUNTIES TOTAL			3,855

MEMBERSHIP STATUS

SCHOOL DISTRICTS:

No.	1 Big Timber	3	No.	10 Chinook	11
No.	1 Butte	89	No.	10 Conrad	11
No.	1 Choteau	9	No.	10 Dillon	2
No.	1 Circle	8	No.	10 Noxon	4
No.	1 Corvallis	7	No.	12 Klein	4
No.	1 Deer Lodge	13	No.	12 Rosebud	7
No.	1 Glendive	16	No.	12 Saco	6
No.	1 Great Falls	290	No.	12 Stanford	10
No.	1 Havre	1	No.	1 & 13 Box Elder	8
No.	1 Helena	63	No.	13 Fairview	10
No.	1 Garfield County	7	No.	13 Nashua	11
No.	1 Lewistown	19	No.	14 Chinook	2
No.	1 Miles City	9	No.	14 Malta	7
No.	1 Missoula	36	No.	15 Custer	4
No.	1 Plains	3	No.	15 Cut Bank	19
No.	1 Red Lodge	7	No.	16 Havre	33
No.	1 Scobey	19	No.	17 Culbertson	4
No.	1 Virginia City	5	No.	17 Hardin	18
No.	2 Alberton	9	No.	19 Brady	3
No.	2 Billings	90	No.	20 Plentywood	12
No.	2 Bridger	11	No.	21 Broadview	3
No.	2 Dodson	4	No.	23 Polson	14
No.	2 Helena	1	No.	23 Roberts	10
No.	2 Sunburst	8	No.	24 Three Forks	7
No.	2 Thompson Falls	6	No.	25 Hobson	3
No.	3 Cascade	7	No.	27 Augusta	0
No.	3 Hamilton	12	No.	28 Ronan	26
No.	3 Superior	5	No.	29 Belt	9
No.	4 Forsyth	11	No.	30 Power	11
No.	4 Livingston	10	No.	31 Gilman	0
No.	4 & 47 Whitehall	3	No.	33 Oilmont	6
No.	5 Kalispell	14	No.	38 Bigfork	6
No.	5 Park City	3	No.	39 Simms	12
No.	5 Sand Coulee	4	No.	41 Lavina	4
No.	5 Sheridan	7	No.	44 Belgrade	15
No.	5 Sidney	9	No.	44 Moore	1
No.	5 Terry	12	No.	45 Augusta	2
No.	6 Ryegate	6	No.	45 Wolf Point	16
No.	7 Bozeman	24	No.	50 East Glacier	4
No.	7 Hinsdale	9	No.	50 Hays	4
No.	7 Laurel	30	No.	52 Absarokee	3
No.	7 Townsend	4	No.	52 Ennis	12
No.	8 Jordan	2	No.	53 Wilsall	4
No.	9 Browning	28	No.	55 Brockton	2
No.	9 Chinook	0	No.	55 Roundup	8
No.	9 Dixon	4	No.	58 Geyser	6
No.	9 Musselshell	3	No.	64 Melstone	3
No.	9 Opheim	11	No.	75 Greenfield	7
No.	10 Anaconda	44	No.	159 Winnett	2

SCHOOL DISTRICTS TOTAL..... 1,381

MEMBERSHIP STATUS

CITIES:

Anaconda	12	Hardin	31
Belt	3	Havre	79
Big Sandy	3	Helena	122
Billings	264	Kalispell	63
Bozeman	79	Laurel	30
Butte	189	Lavina	1
Cascade	3	Lewistown	27
Chinook	18	Libby	13
Choteau	13	Livingston	26
Circle	3	Malta	15
Columbia Falls	8	Miles City	45
Conrad	18	Missoula	100
Culbertson	3	Philipsburg	13
Cut Bank	17	Plains	4
Deer Lodge	16	Plentywood	10
Dillon	12	Polson	13
Dutton	3	Poplar	11
East Helena	6	Roundup	17
Fairfield	4	Ryegate	1
Fairview	4	Sidney	42
Forsyth	15	Stanford	3
Fort Benton	8	Townsend	4
Glasgow	43	Walkerville	2
Glendive	46	Whitefish	19
Great Falls	292	Winnett	1
Hamilton	20	Wolf Point	14
CITIES TOTAL			1,808

COUNTY HIGH SCHOOLS:

Beaverhead County High	9	Jefferson County High	3	
Broadwater County High	3	Missoula County High	35	
Custer County High	5	Park County High	5	
Dawson County High	5	Powell County High	6	
Fergus County High	6	Sweet Grass County High	8	
Flathead County High	22	COUNTY HIGH SCHOOLS TOTAL		
Gallatin County High	3		110	

OTHER AGENCIES:

Anaconda Housing Authority	5	Health District II	7	
Billings Water Department	78	Health District III	0	
Bitterroot Irrigation Dist.	12	Helena Housing Authority	4	
Butte Housing Authority	5	Hill Co. Cemetery	6	
Fort Shaw Irrigation Dist.	14	Livingston Water Department	9	
Great Falls Housing Authority	5	Malta—Dodson Irrigation	11	
Greenfield Irrigation Dist.	33	Missoula Public Library	0	
Health District I	6	OTHER AGENCIES TOTAL		
			195	

ACTUARIAL STATEMENT

An actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries was completed at the end of Fiscal 1959-60 and another will not be completed until the end of Fiscal 1961-62 as Section 68-501 (j) R.C.M., 1947 provides an actuarial investigation only every two years. This is the reason that the financial statements of this report carry no Non-Ledger Assets and Non-Ledger Liabilities.

It was suggested to the Board of Administration of the Retirement System and adopted by the Board that 3½% interest be allowed on all employee contributions beginning with July 1, 1960. It appears that the Retirement System will be in a position to earn 3½% or better on their assets for a considerable time into the future.

There has also been a substantial increase in the expectation of life meaning that the mortality table upon which the 1945 rates were calculated is no longer adequate to be used as a basis of calculating annuity benefits for retired members. Pensioners all over the United States are living much longer on the average than they did 15 years ago. These two facts, one (interest) tending to decrease the rates and the other (mortality) tending to increase the rates of contributions, made it possible for the Board of Administration to adopt a lower rate of contribution at ages 31 and below, for both male and female, in order to provide a retirement income at age 65. These new rates were adopted to become effective July 1, 1960.

It was not deemed advisable, even though we had higher interest earnings, to increase the overall pensions of the people now retired because of the improved mortality. It was, therefore, suggested that all retirement benefits be calculated on the tables now in use which would give the same effect as adopting a new mortality table with a higher rate interest.

There are many factors that enter into the contribution rate calculation that differs now from 1945—such as, ability to retire after ten (10) years of service at age sixty-five (65) instead of 20 years service at age sixty-five (65) and the fact that the compulsory retirement age of seventy (70) has been eliminated—that enter into the newly adopted rates of contribution of members, and it was felt that the adoption of the above proposal would represent the best possible compromise to reflect the interests of all parties; namely, the members, the employers and eventually the taxpayers who actually ultimately foot the bill for the entire Retirement System.

Floyd E. Young, Consulting Actuary for the
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE EXAMINER'S COMMENTS

Cash balances, investments and outstanding checks were verified by direct examination and correspondence.

Capital, investment and administrative claims were checked for the period.

Minutes of Board Member meetings are well written and properly signed.

Verification notices have been mailed to a representative group of new recipients of various types of monthly retirement benefits since the last examination, and also to recipients of payments prior to this period.

Irvin E. Snyder
Deputy State Examiner

A copy of the examination report by the State Examiner's Office is on file in the Retirement System Office and is available for inspection upon request.

